The following communication, dated 10 April 1991, has been received from the Permanent Mission of India.

1. In the wake of further deterioration in India's balance of payments position, the Reserve Bank of India has imposed certain conditions on financing of imports. The details of these conditions are enclosed.

2. Paragraph 6 of the note refers to withdrawal of the facility for import of dry fruits for stock and sale purposes. Instructions in this regard were issued by the Government of India on 28 March 1991.

3. The above is being notified to the BOP Committee in terms of paragraph 3 of the 1979 Declaration on Trade Measures Taken for Balance-of-Payments purposes.
INDIA

Subject: Financing of Imports

1. Foreign exchange for import payments in India was being made available automatically by an authorised bank on presentation of the exchange control copy of an import licence and the appropriate shipping documents. However, with the deterioration in foreign exchange reserve position, the Reserve Bank of India has placed certain restrictions on release of foreign exchange with effect from 19th March, 1991 for import purposes. These temporary measures are aimed at preventing further depletion in the foreign exchange reserves of the country. Main features of the restrictions are described in the following paragraphs.

2. Foreign exchange for imports of capital goods would be released by financial institutions only under foreign currency lines of credit available with them. For that purpose, the Reserve Bank of India has permitted scheduled commercial banks to issue guarantees beyond 31st March, 1991, in favour of financial institutions in order to ensure facilitation of sanction of loan by the financial institutions.

3. For import of other than capital goods, following cash margins have been fixed for various categories of imports:

   (i) Imports under OGL 133 1/3 per cent
   (ii) Imports under specific licences 110 per cent

(The cash margin requirement would be reduced to 50 per cent in all those cases where the banks are satisfied that proceeds of export against which specific licences were issued, have been fully realised).

   (iii) All imports for own consumption made 50 per cent
        by registered 100 per cent Export Oriented Units, Units located in Export Processing Zones and Free Trade Zones

(However, this requirement would not be applicable to cases, where the following conditions are met:

   (a) if the exports are made to General Currency Areas; and
   (b) if the concerned exporter has no export bills outstanding beyond a period of six months from the date of export.

In the case where exports are made to both General Currency Area and Rupee Payment Area, imports against which margin requirement will be exempt will be determined by the proportion of exports to General Currency Area in the total exports made during the previous year.)
(iv) Imports against advance licences and advance intermediate licences for own consumption 50 per cent

(Exporters will be exempt from the margin requirements of 50 per cent, provided they have no export bills outstanding beyond a period of six months from the date of export.)

(v) Imports under Suppliers' Credit of one year and above 50 per cent

4. Importers of other than capital goods not covered by letters of credit will be required to place with their banks cash margin at the time of placement of orders with overseas suppliers. Such margins would be required to be maintained till the retirement of import documents subject to a minimum period of three months. The cash margins will be the same as prescribed for imports under letters of credit.

5. The following imports have been exempted from these restrictions:

(a) Imports by Government departments
(b) Petroleum oil and lubricants
(c) Fertilizers
(d) Edible oils
(e) Newsprint
(f) Foodgrains
(g) Life saving drugs.

6. Under paragraph 166 of the Import Policy for 1990-93, import of dry fruits (excluding cashew nuts and dates) was allowed against import licences for stock and sale purposes. The Import Policy also contained a provision for granting of separate licence for import of almonds for a value of Rs. 20,000/- to each eligible dry fruit licensee. It has since been decided to withdraw this facility and accordingly paragraph 166 has been deleted from the Import Policy. Import of almonds was also permissible under Additional Licences since June, 1990. Government has decided that the additional licences to be issued with effect from 1.4.1991 shall not be valid for import of almonds. Public notice issued in this regard is annexed.
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE

IMPORT TRADE CONTROL

PUBLIC NOTICE NO: 143 - ITC/(PN)/90-93
NEW DELHI: DATED THE 28th MARCH, 1991

Subject: Import and Export Policy for April 1990-March 1991


2. The following amendment shall be made in the Policy at appropriate places indicated below:

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<tr>
<th>SI No.</th>
<th>Page No. of Import and Export Policy,</th>
<th>Reference</th>
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1. Chapter XIII
   Items for stock and Sale
   Paragraph 166 Import of Dry Fruits.
   The existing paragraph 166 shall be deleted.

3. Further, it has been decided to rescind Ministry of Commerce Public Notices No. 21-ITC(PN)/90-93 dated the 4th June, 1990 and No.133-ITC (PN)/90-93 dated 4th March, 1991 regarding import of almonds against Additional licences. Consequently, the additional licences issued with effect from 1-4-1991 shall not be valid for import of almonds.

4. This issues in public interest.

Sd:
(D.R. MEHTA)
CHIEF CONTROLLER OF IMPORTS & EXPORTS